## Message Text

## CONFIDENTIAL

PAGE 01 ISLAMA 11431 212102Z ACTION NEA-10

R 211201Z NOV 77 FM AMEMBASSY ISLAMABAD TO SECSTATE WASHDC 4757 INFO AMEMBASSY JIDDA AMEMBASSY TEHRAN

CONFIDENTIAL ISLAMABAD 11431

E.O. 11652: GDS TAGS: EAID, EFIN, PK

SUBJECT: SAUDI AND IRAN FN AID TO PAKISTAN

REFS: (A) TEHRAN 10296, (B) ISLAMABAD 11365

- 1. THE AMBASSADOR CALLED ON THE IRANIAN AND SAUDI AMBASSADORS MORNING OF NOVEMBER 21 AND, AMONG OTHER THINGS, DISCUSSED BILATERAL AID TO PAKISTAN.
- 2. THE IRANIAN AMBASSADOR SAID THAT PAKISTAN COULD NOT PAY THE FIRST DEBT SERVICE PAYMENT OF \$50 MILLION ON THE 570 MILLION DOLLAR LOAN FROM IRAN AND THAT RESCHEDULING OF THIS PAYMENT HAD BEEN AGREED IN PRINCIPLE. HE WENT ON TO SAY THAT NO FORMAL AGREEMENT HAD BEEN SIGNED AND THAT THE TERMS AND EXTENT OF RESCHEDULING HAD NOT YET BEEN DECIDED.
- 3. THE SAUDI AMBASSADOR SAID THERE ARE NO PLANS FOR FURTHER AID TO PAKISTAN, OTHER THAN THAT ALREADY PROGRAMMED INCLUDING 300 MILLION DOLLARS OF PROJECT ASSISTANCE. THE AMBASSADOR NOTED THAT THE GOP HAD DECIDED TO POSTPONE THE INDUS HIGHWAY AND WONDERED IF THIS WOULD NOT MEAN THE CONFIDENTIAL

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LOSS OF THIS PORTION OF THE SAUDI AID PACKAGE. THE SAUDI AMBASSADOR RESPONDED BY SAYING THAT GHULAM ISHAQ DID NOT LIKE THE PROJECT BUT THAT, FOR DEFENSE REASONS, GENERAL CHISTI WAS STILL IN FAVOR OF GOING AHEAD. HE WENT ON TO SAY THAT THE PROJECT WAS STILL UNDER ACTIVE CONSIDERATION AND EMPHATICALLY STATED THAT WITHOUT THE INDUS HIGHWAY THAT PORTION OF THE SAUDI AID WOULD NOT

BE FORTHCOMING.

4. AS REPORTED IN REF B, SECRETARY GENERAL KAZI TOLD
THE AMBASSADORS OF THE CONSORTIUM COUNTRIES ON
NOV 17 THAT THE INDUS HIGHWAY WOULD BE INDEFINITELY
POSTPONED. THIS WAS ALSO STATED IN THE GOP PLANNING
COMMISSION'S MEMORANDUM FOR THE PAKISTAN CONSORTIUM. HUMMEL

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## Message Attributes

Automatic Decaptioning: X

Capture Date: 01-Jan-1994 12:00:00 am Channel Indicators: n/a

Current Classification: UNCLASSIFIED Concepts: ECONOMIC ASSISTANCE

Control Number: n/a

Copy: SINGLE Sent Date: 21-Nov-1977 12:00:00 am Decaption Date: 01-Jan-1960 12:00:00 am

Decaption Note: Disposition Action: RELEASED Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW

Disposition Date: 22 May 2009 Disposition Event:

Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ISLAMA11431
Document Source: Document Unique ID: 00

**Document Unique ID: 00** Drafter: n/a

Enclosure: n/a Executive Order: GS Errors: N/A

**Expiration:** Film Number: D770431-0913

Format: TEL From: ISLAMABAD Handling Restrictions: n/a

Image Path: ISecure: 1

Legacy Key: link1977/newtext/t19771136/aaaabeeg.tel

Line Count: 69 Litigation Code IDs: Litigation Codes:

Litigation History: Locator: TEXT ON-LINE, ON MICROFILM

Message ID: 09453e15-c288-dd11-92da-001cc4696bcc

Office: ACTION NEA

Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a

Page Count: 2
Previous Channel Indicators: n/a Previous Classification: CONFIDENTIAL Previous Handling Restrictions: n/a Reference: 77 TEHRAN 10296, 77 ISLAMABAD 11365

Retention: 0

Review Action: RELEASED, APPROVED Review Content Flags: Review Date: 14-Mar-2005 12:00:00 am

Review Event: Review Exemptions: n/a **Review Media Identifier:** Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

SAS ID: 509693 Secure: OPEN Status: NATIVE

Subject: SAUDI AND IRAN FN AID TO PAKISTAN

TAGS: EAID, EFIN, PK, SA

To: STATE Type: TE

vdkvgwkey: odbc://SAS/SAS.dbo.SAS\_Docs/09453e15-c288-dd11-92da-001cc4696bcc

Review Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

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